

Destination Indiana:
Indiana Office of Tourism Development

2006 Strategic Plan



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EXECUTIVE OVERVIEW

With the passage of Senate Bill 335, The Indiana Office of Tourism Development (IOTD) became a stand-alone agency under the leadership of Lt. Gov. Becky Skillman. Lt. Gov. Skillman views tourism as a significant contributor to the state's economy in terms of economic activity, business attraction and community development.

Annually, the tourism industry brings in approximately \$6.7 billion in spending from 58 million leisure visitors—people who travel at least 50 miles to reach one of Indiana's many destinations. Tourism contributes to a diversified economic base, and visitor spending creates nearly 100,000 tourism-related jobs each year. The effects of visitor spending within local economies reach not only traditional tourism entities, but also businesses such as gas stations, restaurants and grocery stores.

According to DK Shifflett & Associates Ltd. travel research organization, over the past several years, leisure travel grew at an average of 2 percent nationally per year while Indiana's leisure travel grew at an average rate of 5 percent per year. The Travel Industry Association of America (TIA) found that travel increased by 4 percent in 2004, and predicts continued growth of 4 percent in 2005 and 2 percent in 2006. With the newly refocused efforts of IOTD, tourism in Indiana has the potential to continue to grow at a rate above both the national average and its competitive set.

To capitalize on this opportunity, Lt. Gov. Skillman charged IOTD with construction of this strategic plan, which provides specific goals and objectives, offers tactics to achieve these goals and includes metrics to ensure IOTD is successful in positioning Indiana as a top leisure visitor destination in the Midwest.

Development of this plan began in June 2005 with listening tours around the state where industry officials and other interested parties provided their input and suggestions for IOTD. This information was collected and used to guide a smaller working group of 20 stakeholders in identifying the strategic goals for IOTD.

- Strategic Goal 1 - Position IOTD as an alliance manager throughout the state.
- Strategic Goal 2 - Create development incentives to enhance existing attractions or create new attractions.
- Strategic Goal 3 - Develop a strategic brand for Indiana.
- Strategic Goal 4 - Expand IOTD operating budget through creative partnerships.

VISION

“As we strive to create a broader base for Indiana’s economy, the tourism industry will play an important role. With growth in tourism, we’ll realize broader economic opportunities for individual Hoosiers and their communities.”
–Lieutenant Governor Becky Skillman

VISION:

Indiana will be a top leisure visitor destination in the Midwest, with growth in leisure travel annually exceeding our competitive set.

IOTD will focus on its strategic goals and utilize the state’s assets of scenic beauty, geography, developed attractions and historical importance to grow Indiana’s tourism industry and realize the vision of making Indiana a top leisure visitor destination in the Midwest, with annual growth exceeding our competitive set.

SITUATION ANALYSIS

To achieve IOTD's vision, an analysis of tourism's current economic impact, visitor profile, product, office services and financial structure needs to be provided.

Economic Impact: Tourism is crucial to Indiana's economy

1. Indiana tourism is a \$6.7 billion industry.
2. Tourism annually attracts 58 million leisure visitors—people who drive 50 miles or more one way to visit one or more attractions. This does not include the hundreds of thousands of people who travel as part of conventions or on business.
3. Indiana tourism is growing about five percent annually, which is above the national average. (Source: DK Shifflet, 2001)

Tourism brings in billions of dollars to the state each year in visitor spending; the tourism industry's reach is broad and strong. Indiana has 97,600 full-time jobs directly related to tourism, which translates to \$1.7 billion in payroll. Across the United States, one in every 17 jobs is tourism-related.

TOURISM'S ECONOMIC IMPACT	
Full-time direct jobs	97,600
Payroll	\$1.7 billion
State government tax receipts	\$322 million
Local government tax receipts	\$130 million

[According to Travel Industry Association of America, 2002]

For every dollar invested in tourism marketing by the state and its partners, travelers spend \$692 in Indiana. The state also realized \$42 in sales tax revenues for every dollar invested in destination advertising.

(Source: Strategic Marketing and Research, Ad Effectiveness Study, 2005)

The value of tourism goes beyond the jobs it creates and the dollars that visitors spend staying in Indiana hotels, dining in restaurants and visiting attractions. It has a direct impact on the quality of life for Hoosiers by creating stronger communities and offering unique experiences. The driving motivators that influence visitor travel are often the same factors considered by Indiana residents and potential residents when choosing where to live.

Indiana's Tourism Products

Indiana offers a variety of tourism products that appeal to a wide number of travelers. The state's central location makes one-day travel convenient for many visitors from around the Midwest. By identifying Indiana's key products, the state can better assess its opportunities for the future.

1. **MOTOR SPORTS:** From the famed Indianapolis Motor Speedway, to the smaller tracks around the state, Indiana is known as the center of the motor sports industry.
2. **OUTDOOR RECREATION:** Indiana has 21,000 miles of rivers and streams, the nation's most-visited state park, and more than 1.1 million acres of state and county recreation areas. There are 24 state parks, 13 state forests, nine reservoirs, 207 nature preserves, 21 fish and wildlife areas and four nationally designated properties including the Indiana Dunes National Lakeshore and the Hoosier National Forest.
3. **HISTORICAL IMPORTANCE:** Indiana is home to 1,535 properties that are on the National Register of Historic Places, 14 State Historic Sites, 36 National Historic Landmarks, two National Memorials, a National Historic Park and more than 450 museums.
4. **CULTURAL AND HERITAGE EXPERIENCES:** Indiana has a strong cultural tourism base with venues like the Fort Wayne Museum of Art, Terre Haute Art Museum and the Indianapolis Museum of Art. Likewise, performing arts organizations such as the Evansville Philharmonic Orchestra and the Indianapolis Symphony Orchestra are tourism assets. Other cultural and heritage tourism experiences unique to Indiana include Columbus' world-class architecture, Northern Indiana Amish Country and Abraham Lincoln heritage sites.
5. **SPECTATOR SPORTS:** Indiana already is a well-known sports center - the Indiana Pacers, Indiana Fever, Indianapolis Colts, Indianapolis Indians and Indiana Ice, a number of minor league hockey and baseball teams throughout the state, and collegiate sporting events and museums.
6. **SPECIAL INTEREST ATTRACTIONS:** The Children's Museum of Indianapolis, the Academy of Model Aeronautics and James Dean properties are well-known attractions in the state.
7. **GAMING:** Indiana is home to 10, soon to be 11, riverboat casinos, which drew 25 million visitors in 2002 and employ approximately 16,500 people.
8. **EVENTS AND FESTIVALS:** Communities across the state host annual festivals that draw thousands of visitors.
9. **GOLF:** With nearly 470 golf courses located throughout the state, Indiana offers golfers of all skill levels a variety of options on courses designed by some of the biggest names in golf including Pete Dye, Jim Fazzio, Robert Trent Jones and Fuzzy Zoeller.

The Indiana visitor

The typical Indiana visitor is a 42-year-old with a household income of \$60,000 who travels with one or two other visitors. Indiana is a getaway destination for visitors seeking a trip close to home. They drive between 101 and 200 miles to visit friends and relatives, where they appreciate Indiana's scenic landscape, eat at a unique restaurant, and shop. (Source: Strategic Marketing and Research, 2005)

In 2001, Indiana accounted for 1.89 percent of domestic overnight leisure travelers, 19th highest among the 50 states, according to DK Shifflet & Associates.

MORE ABOUT THE AVERAGE INDIANA VISITOR:

1. Average trip length is two to three days.
2. Two to three is the average number of people traveling together, one-third travel with children.
3. Almost all leisure travelers drive to Indiana destinations.
4. Most travel to visit friends and relatives or to take a weekend getaway.
5. About 45 percent travel in the summer; other travel is split between spring, fall and winter.
6. Thirty-five percent are in-state visitors who travel more than 50 miles; 13 percent come from Illinois, 8.7 percent from Ohio, 6.8 percent from Michigan and 4.1 percent from Kentucky.

INDIANA VISITORS COME FROM:	
Indiana	35%
Illinois	13%
Ohio	8.7%
Michigan	6.8%
Kentucky	4.1%

[According to Strategic Marketing & Research, 2004]

TOP INDIANA LEISURE TRAVELER ACTIVITIES	
Enjoy scenic beauty	54.9%
Eat at restaurants unique to the area	52%
Shop	46.1%
Visit lakes, rivers, other natural features	40.7%
Visit with friends or relatives	38%
Take scenic drives or driving tours	33.4%
Visit small or quaint towns	33.3%
Visit historic sites	30.6%

[According to Strategic Marketing & Research, 2005]

TOP NATIONAL LEISURE TRAVELER ACTIVITIES:	
Shopping	32%
Attend social/family event	32%
Outdoor	12%
Rural sightseeing	11%
Beach activities	10%
Historic places, sites, museums	9%
National/state park	8%
Gambling	8%
Theme/amusement park	8%
Sports event	6%
Zoo/aquarium/science museum	6%

[According to Travel Industry Association of America, 2005]

Leisure vs. business travel

Although business travel is a vital market, leisure travel remains the consistent presence among most Indiana counties. For the first time nationally, leisure travel surpassed business travel in 2004.

According to TIA, leisure travel accounted for 81 percent of all person-trips in 2004. Similar to travel trends in Indiana, about half of leisure travel is for visiting friends and relatives, with about 21 percent for pleasure or personal reasons. About 77 percent of leisure travel includes an overnight stay, and although visiting friends and relatives is the most popular reason for the travel, visitors are just as likely to stay at a lodge or hotel as with those they are visiting.

Financial resources

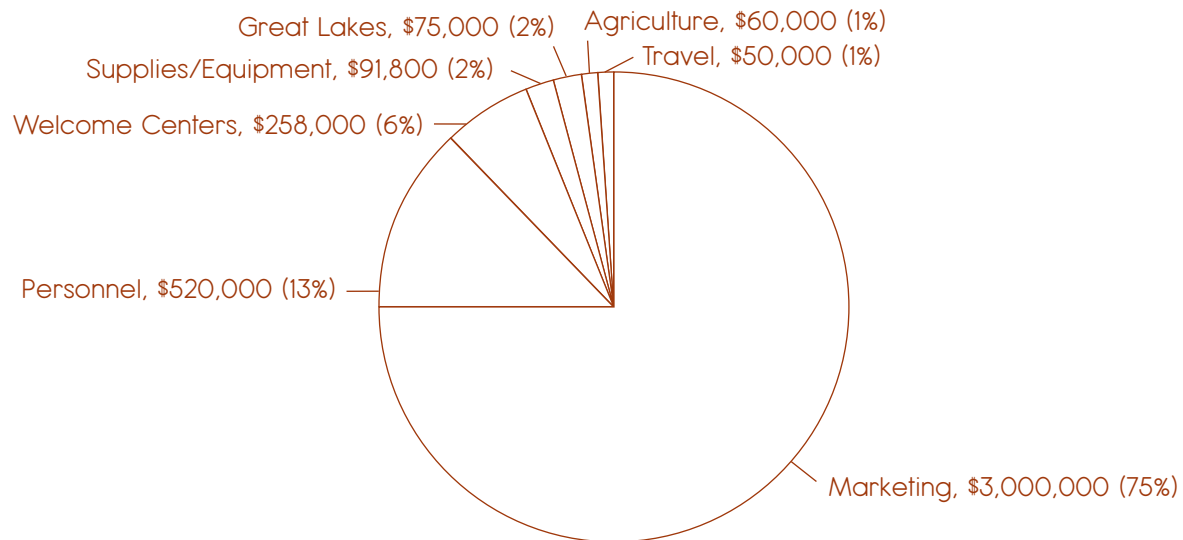
IOTD's annual budget of approximately \$4 million is 42nd in the United States among all state tourism budgets.

COMPETITIVE STATES:	
Illinois	\$47.8 million (second only to Hawaii)
Michigan	\$7.9 million
Kentucky	\$7.5 million
Ohio	\$7 million
Indiana	\$4.3 million

IOTD's 2005-2006 Budget

\$4,360,000 (less 7 percent encumbrment)

\$4,054,800



IOTD has been successful in creating additional revenue through private resources. In fact, Indiana ranks sixth in the country for the amount of private revenue raised for tourism promotion. Of this private revenue, about \$1.8 million is generated through online and publication opportunities.

Currently, IOTD is working to generate additional revenue by:

1. Researching product development programs offered by other states.
2. Identifying new models for review to increase private revenue streams.
3. Identifying new sales opportunities (e.g. radio co-op, Midwest Living insert, new newspaper co-op options and Spring Cam) to offer to our tourism industry partners.

Environmental factors

According to TIA's Fall 2005 Travel Forecast, fall travel is soft in part due to increased gas prices and weather-related factors. Americans are expected to take 279.4 million person-trips during the 2005 fall season, down 1.1 percent from last fall. As energy prices remain high in the winter months, the amount of disposable income travelers have could be affected.

Other environmental concerns:

1. Increased competition from more distinct destinations
2. Local tourism budgets under attack
3. Other Midwestern states becoming more competitive and more aggressive in offering development incentives
4. Overbuilding of hotel rooms

Office of Tourism Development

Currently, the eight-member IOTD provides a variety of services for the tourism industry, including:

1. Cooperative advertising
2. Web site
3. Research
4. Professional development seminars
5. Travel publications
6. Awards programs
7. Annual Hoosier Hospitality Conference

Historically, IOTD has not defined specific products to promote. Instead of identifying statewide or regional niche markets, IOTD has followed the industry's lead. IOTD took a broader approach to marketing that may have led to the brand neutral image of Indiana.

The state now is divided and marketed in all publications by tourism regions, which helps bring the industry together in smaller geographic segments. This process has been standard since 1996.

The regions were created to foster regional marketing partnerships. The regional concept helps IOTD communicate well with the industry. For administrative purposes, the regional concept also helps IOTD organize tourism information. However, concerns exist about the regional approach and its impact on brand development.

STRATEGIC GOALS

Strategic Goal 1 - Position IOTD as an alliance manager throughout the state

"We want to encourage tourism partnerships throughout Indiana by providing leadership, facilitating discussion and serving as a liaison to Indiana's tourism industry. By working together, we will be able to accomplish much more than by working individually." —Lieutenant Governor Becky Skillman

IOTD will serve as an alliance manager, acting as a liaison to industry partners and offering direction and guidance where needed. In corporate America, alliance managers have become a driving force. Corporations have recognized that increased emphasis needs to be placed on relationships to foster improved efficiency.

IOTD will develop a network within the industry which will encourage and facilitate cooperation. Specifically, IOTD will offer services including professional development seminars, best practices case studies and a platform for open communication throughout the industry. By encouraging best practices, the Indiana tourism industry will have increased opportunities for enhanced marketing, product development and growth.

In particular, we will work closely with the Indiana Tourism Council which serves an important role in representing Indiana's tourism industry. Made up of a cross-section of tourism industry members, it will have a lead role in advancing our efforts to expand the industry.

STRATEGY:

IOTD will share best practices, encourage new ideas and connect organizations with like goals by serving as a facilitator.

To continue bringing groups of similar interests together, IOTD will offer to serve as the conduit through both electronic and print marketing for these groups. This could include packaging of heritage trails, youth sports, wine trails, etc. IOTD has already begun this effort with the development of an Indiana Golf Trail, with a goal of opening in the spring of 2006.

Beyond helping various groups organize their sites into packages, IOTD will conduct research into trends that are developing within the tourism industry and use this information to prompt various interests to work together to attract visitors.

Key partners in this effort will include:

- Association of Indiana Convention and Visitors Bureaus
- Hoosier Lottery
- Indiana Association of Museums
- Indiana Bed & Breakfast Association
- Indiana Department of Agriculture
- Indiana Department of Natural Resources
- Indiana Department of Transportation
- Indiana Golf Course Owners Association
- Indiana Hotel and Lodging Association
- Indiana Office of Rural Affairs
- Indiana State Fair
- Indiana State Festivals Associations
- Indiana Tourism Council
- Indiana Wine Grape Council
- Restaurant and Hospitality Association of Indiana
- Tour Indiana

MEASUREMENT:

Alliance management programs will be evaluated by the number of new projects developed and partnerships formed. Regular evaluation will be completed by industry partners and participants in alliance management programs.

Strategic Goal 2 - Create development incentives to enhance existing attractions or create new attractions

"In order for Indiana to effectively compete with our neighboring states, we will create a business environment that is friendly to tourism development and enhancement projects." —Lieutenant Governor Becky Skillman

To improve Indiana's tourism product, we must create a climate conducive to development in the state. Development incentives are important to attracting new sites and to ensure that our current sites can continue to succeed and meet growing demand.

Other states have implemented specific development incentives, and have seen growth in their tourism product. However, simply duplicating these incentives and offering them in Indiana may not be the best course of action for sustained development of Indiana's tourism product.

Indiana's incentives, to the extent they are developed and employed, must be performance based, and targeted to high return on investment projects that balance the need for tourism development with the continuous financial needs of the state. Simply shifting revenue across the state does not offer the expansion of the industry that IOTD desires.

STRATEGY:

IOTD will work closely with the administration and General Assembly to develop and assess performance-based incentives that induce development, and provide new sources of revenue to grow the industry.

This effort will include using the Indiana Tourism Council and tourism-related entities to support enactment of development incentives for tourism.

MEASUREMENTS:

IOTD will determine the success of development incentives by:

- The number of tourism developers in the program that successfully complete a project
- The amount of capital invested in tourism development projects related to the enhancement act
- The economic impact of development projects, including the number of jobs created and taxes generated

Strategic Goal 3 - Develop a strategic brand for Indiana

"Indiana has been a well-kept secret for too long. With friendly people, a convenient location and unique attractions, our state is a great place to visit. We are going to build Indiana's image as a getaway destination."

—Lieutenant Governor Becky Skillman

IOTD conducted market research in September 2005 to determine the effectiveness of Indiana's brand image. The research showed that Indiana continues to be brand-neutral. This means the state has neither a negative nor a positive image. In fact, Indiana has lost some of its equity in the "Enjoy Indiana" tagline and brand. In part, this loss of equity can be attributed to our neighbors to the west. Illinois has started using EnjoyIllinois.com, which is confusing the brand.

Tourism needs to change this neutrality. The advantage of Indiana is all that it has to offer. Failure to highlight its attributes and instead bundle the state by regions, discussing its offerings in generic terms, has led to a lack of knowledge—even within the state—of all that Indiana offers.

STRATEGY:

IOTD will emphasize themes, trails and niches that motivate travel to market its tourism product, since visitors are typically driven by product rather than by region.

In addition to product advertising, the office will produce image ads—based on research—to build the Indiana tourism brand and change perceptions about Indiana.

Research by Strategic Marketing and Research (Source: Image and Positioning Research, 2002) indicates that the key drivers for generating travel interest are: fun and exciting, full of interesting discoveries, having unique and remarkable attractions and being a quality getaway in a beautiful/unique setting. IOTD will highlight the key drivers for Indiana and showcase all the fun and exciting things we have to offer.

MEASUREMENT:

IOTD will annually determine the success of branding by:

- Evaluation of the state's image and efforts made to drive the state's image to a more positive position, away from its current neutral position.
- Measurement of advertising effectiveness and recall.
- Measurement of return on investment including incremental travel generated by advertising efforts.
- Evaluation of visitor spending.

Strategic Goal 4 - Expand IOTD operating budget through creative partnerships

"We need creative funding solutions to expand the impact of Indiana tourism. Through expanded funding, we will be able to attract more visitors to Indiana and increase visitor-generated spending." –Lieutenant Governor Becky Skillman

An inability to effectively market the state has hampered Indiana tourism. Indiana's tourism budget is under funded, especially when compared to the state's competitive set.

In 2005, IOTD's budget of \$4 million was ranked 42nd in the nation. The year before, Indiana Tourism was ranked 37th in budget-size. Indiana has lost ground as other state tourism budgets grow and Indiana's remains stagnant. According to TIA's 2004-2005 Survey of U.S. State Tourism Budgets, the average state tourism budget is \$12.8 million.

IOTD will continue to create new marketing products in an effort to generate revenue and create marketing opportunities for its tourism industry partners. New opportunities such as Spring Cam, co-op targeted e-mail marketing programs and tourism discount cards are under consideration.

Likewise, IOTD has begun to pursue in-kind and trade partnerships with partners such as AAA Hoosier Motor Club, the Indiana State Fair and the Hoosier Lottery. IOTD continues to pursue creative partnerships and collaborations. While IOTD continues to be innovative in finding other funding sources, it cannot generate enough private dollars to match its competitive set.

STRATEGY:

IOTD will continue to work with private industries and develop unique collaborations to increase funding.

These collaborations will include seeking trades with private and nonprofit organizations, including corporate sponsors. This will enable the office to maximize marketing dollars and ultimately bring in more visitors. However, a larger direct investment from the state would jumpstart IOTD's ability to attract more visitors and increase the economic impact of tourism in Indiana.

Through greater state investment and supplements from nonprofits, private entities and other state agencies with broader access to state and federal grants, IOTD will seek to grow its budget to be on par with our competitive set. IOTD's goal is to grow its budget to \$12.8 million, or the equivalent, in the next 10 years.

IOTD will work with AICVB, the Indiana Tourism Council and the Promote Indiana Coalition to advocate for an increased IOTD budget.

MEASUREMENT:

Annually, IOTD will determine the success of private industry collaboration by:

- Measurement of private revenue income, expected to increase at a rate of five percent annually.
- Measurement of value-in-kind partnership trade, including the number of corporate partnerships and perceived-value exposure.

CONCLUSION

Indiana is a great place to live and visit. With its world-class attractions, unique festivals and scenic beauty, it has a strong tourism product.

IOTD will maximize the state's tourism potential by serving as an alliance manager for the state's tourism industry, by creating development incentives to enhance and expand Indiana's tourism product and by building a strong brand. IOTD also will generate more private revenue through innovative partnerships, and increase its state funding.

Recognizing the dynamic nature of the tourism industry, IOTD will adapt its plan as needed to meet the changing needs and desires of travelers and to create the most impact for the tourism industry. The IOTD staff is committed to being proactive and responsive to the needs of its tourism partners in order to implement a successful long-term strategy to increase the state's leisure travel.

Tourism is big business in Indiana. It contributes to a diversified economic base, and visitor spending creates jobs. Indiana's tourism industry employs nearly 100,000 people, and visitors spend nearly \$7 billion each year. With increased involvement and investment, Indiana's tourism industry can have an even greater economic impact on our state.